'Food for Peace' Fund Arms Saigon

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A White House report shows the United States funneled $78 million last year into South Vietnam's war budget under the Food for Peace foreign-aid program.

The disclosure came in a report to Congress on Food for Peace operations last year. It was signed by President Nixon on June 29.

According to the report, South Vietnam through 1971 received $919.8 million worth of U.S. farm commodities under Food for Peace. Of that, $742.7 million was kicked back to the Saigon government to use for "common defense" purposes.

Authority for the expenditures is provided in Section 104-C of the Food for Peace law.

Further, the report shows, Korea last year received $20 million Food for Peace aid to help pay military bills, and Cambodia got $7.4 million.

Through 1971, Korea had received $593.1 million in "common defense" funds under Food for Peace out of a total aid under the program of $752.2 million. Cambodia began receiving the aid last year.

Under a typical arrangement, the United States agrees to provide South Vietnam with farm commodities, to be paid for with local currencies. About 80 per cent is then kicked back for "common defense" purposes.

The report says: "The major uses . . . are for personnel equipment, mostly clothing, construction and construction materials, and local services provided for the United States Military Assistance Command-Vietnam."

Over-all supervision of the "common defense" money is handled by the U.S. Department of Defense and the Agency for International Development, the report says.

In the case of Korea, the study says the money is used "to help offset the increasing defense costs" which are being transferred from U.S. military aid mission to the Korean defense budget.

The money in Cambodia is used "for military pay and allowances," the report says.

"Although 1971 was the last year local currency arrangements will be signed, it is anticipated that 104-C grants will continue to be made to Vietnam and Cambodia out of funds generated under credit agreements," the report says.

Since Food for Peace was enacted in 1954, more than $1.7 billion has been spent on "common defense" arrangements. The report shows that of about $12.9 billion in total aid, the military kickbacks have amounted to 13 per cent.

Although Vietnam, Korea and Cambodia are the only current recipients, many countries over the years have shared in the "commom defense" benefits.